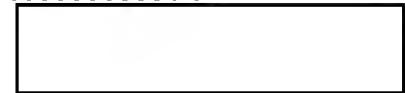


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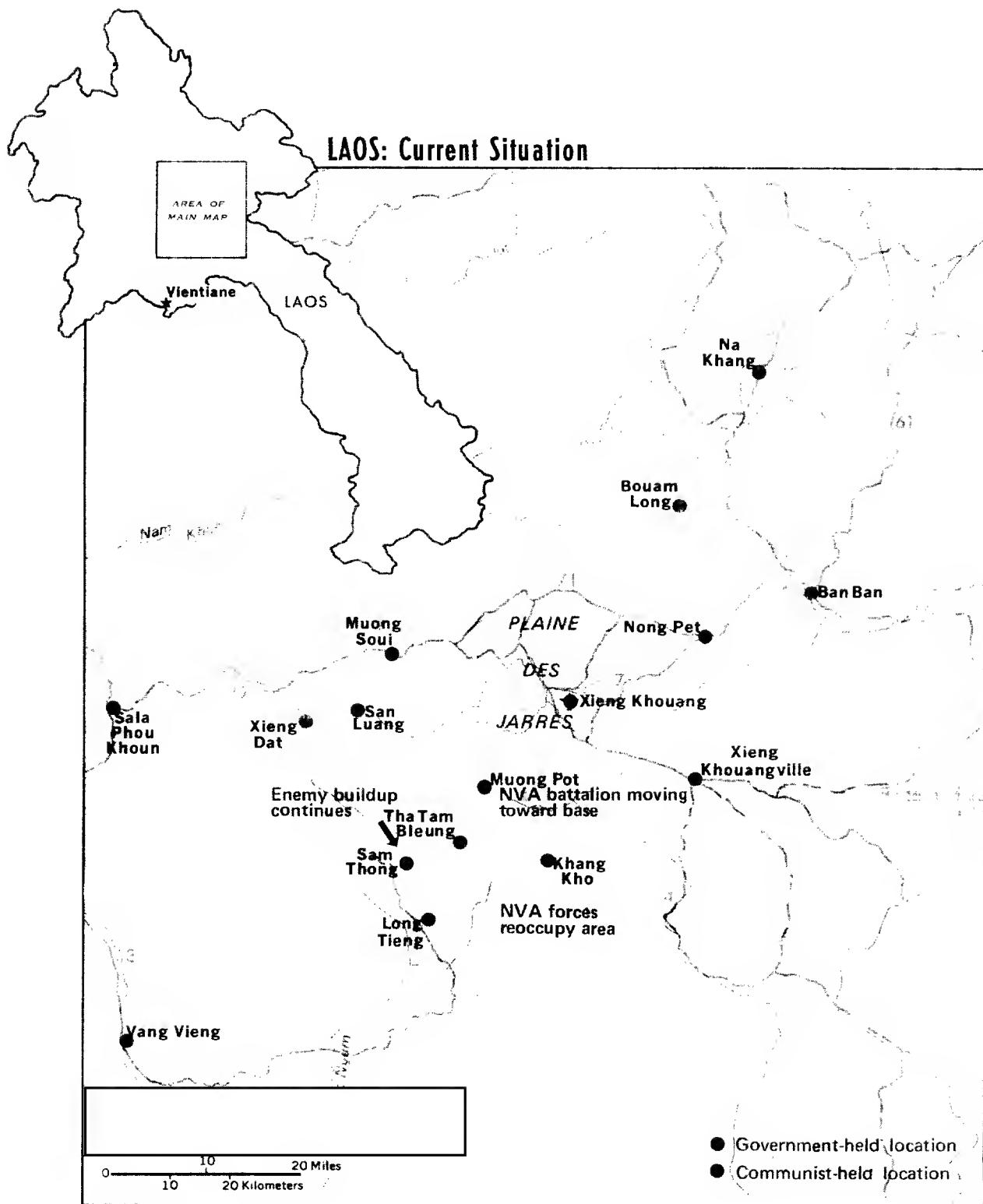
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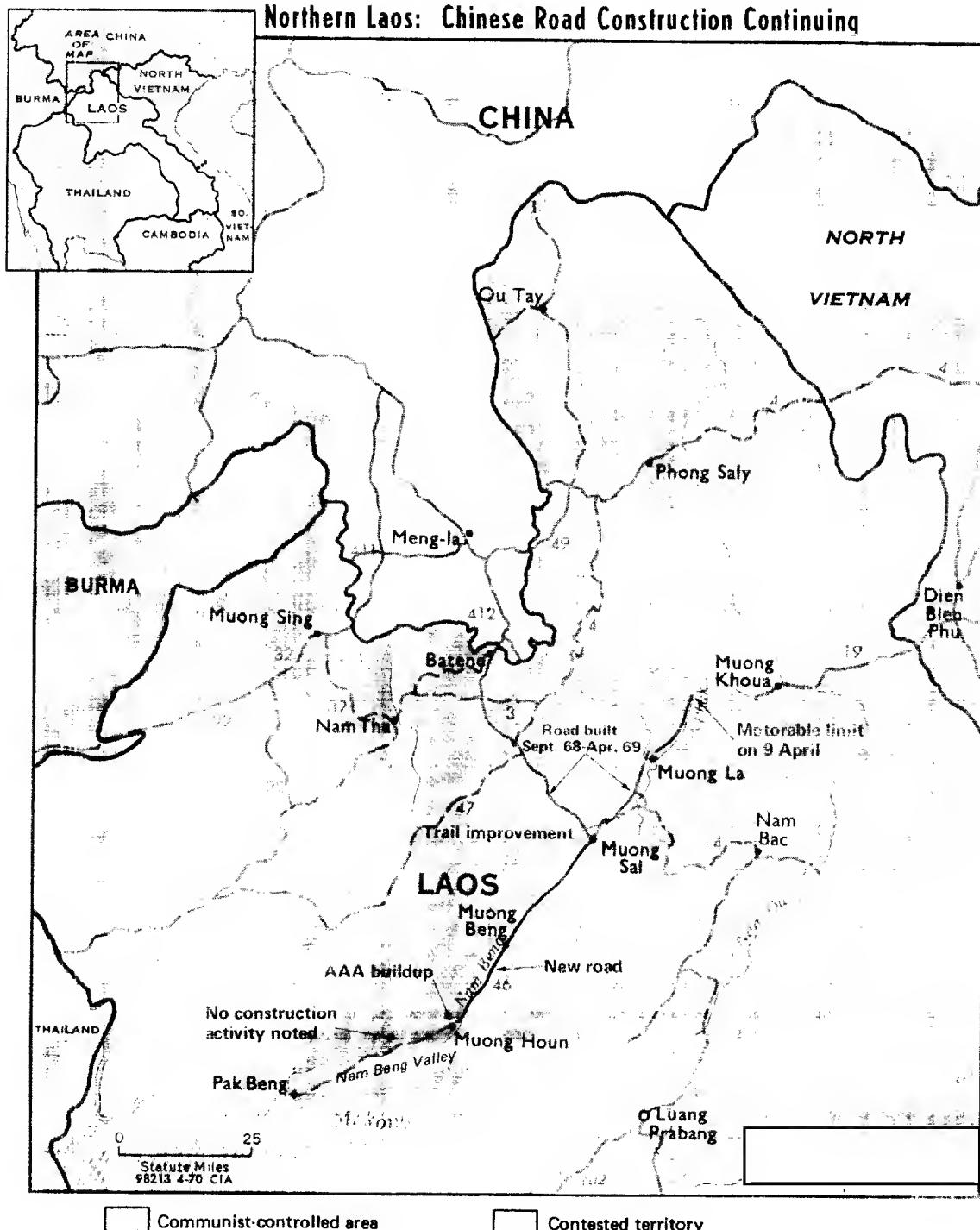
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Laos: The Communists are moving to neutralize recent government gains southwest of the Plaine des Jarres.

During the last few days, large enemy units have pushed back into the region between Long Tieng and Tha Tam Bleung. One important government hill-top position has been overrun, and several enemy battalions are closing in on other key positions in the area. New enemy troop movements also have been reported near the government's base at Sam Thong.

A North Vietnamese battalion has been spotted moving toward Tha Tam Bleung, which was recaptured by Vang Pao's guerrillas last week. Enemy control of the Tha Tam Bleung area had greatly facilitated operations southward against the Long Tieng - Sam Thong sector.

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*Laos: The Chinese appear to be concentrating on finishing road segments already under way rather than expanding the network further during this dry season.

Aerial photography [redacted] reveals that the road under construction south of Muong Sai has not progressed beyond the point that was reached some two months ago--one mile north of Muong Houn. The construction activity observed between the two villages indicates the Chinese are trying to complete an all-weather road in the Nam Beng Valley before the beginning of the rainy season in early June.

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No construction activity was noted south of Muong Houn. There has been, however, a significant increase in antiaircraft artillery sites immediately north of the village. The buildup is near a ford crossing the Beng River, suggesting that the Chinese may plan to construct a bridge at this location in coming months. A similar strengthening of air defenses occurred prior to bridge construction at other key points.

The road under construction northeast of Muong Sai toward Route 19 is now motorable 14 miles past Muong La. [redacted]
The rugged terrain appears to be the major obstacle to more rapid construction in this area.

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[redacted] trails east of Muong Sai are being widened, but no construction equipment was noted in the area. This suggests that if the Chinese intend to build a road to the Lao Communist headquarters at Nam Bac, they may wait until the next dry season. [redacted]

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*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Defense Intelligence Agency, Department of Defense.

South Vietnam: The Communists' spring offensive is maintaining considerable momentum.

Enemy sapper and infantry forces continue to have unusual success in penetrating and overrunning allied field positions. Two more outposts in the upper delta, one manned by South Vietnamese regulars and another by territorial forces and armed civilians, fell in recent days with losses of more than 100 dead and wounded. In the highlands, Communist troops temporarily seized several small outposts around the Dak Pek Special Forces camp, and other allied positions located just below the Demilitarized Zone have been heavily shelled.

The Communists appear to be having some success following the military guidelines spelled out by General Giap and other North Vietnamese leaders during the winter. Stressing the use of sapper and guerrilla forces in surprise attacks, the Communists have been able to deal the allies a number of tactical setbacks while limiting their own losses.

It is still too early to assess the full impact of the enemy's spring offensive phase, but heavy South Vietnamese casualties could badly damage the morale of the army and the government. It also appears that the pacification program has been stalled in a few provinces because of the increased fighting.

Nevertheless, the South Vietnamese can point to a few brighter spots. They are successfully defending the Special Forces camps in the highlands, a number of elite government units have again performed well in contacts with the enemy, and much of the recent fighting has been confined to the more remote regions well removed from the major population centers.

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USSR: Party boss Brezhnev's pre-eminence has once again been underscored in connection with ceremonies related to the Lenin centennial.

The speeches which he delivered in Kharkov on 13 and 14 April were given extensive publicity in most, if not all the Soviet media. Moreover, Pravda's account yesterday of his visit to a factory, where he reportedly talked with workers and dispensed advice, seemed to stress his personal interest in local problems. Coverage of the other leaders' participation in similar ceremonies elsewhere in the USSR, however, is likely to approximate Brezhnev's and thus maintain the image of collective leadership.

Some of Brezhnev's comments on economic ills ostensibly were less hidebound than usual. Although he endorsed the economic reforms adopted in 1965, he ignored their key elements, such as profits. His comments gave no clear indication of high-level opposition, but hinted at some resistance to recent actions by lower-level officials. His remark that the 24th Party Congress will be held this year would make it seem all but certain that the gathering will be held before the end of 1970.

Brezhnev, in his statement on foreign policy, made his first public reference since the beginning of SALT to an arms agreement, saying that one is possible provided that the US is as reasonable as the USSR on this subject. It marked Moscow's most authoritative endorsement of the talks. He said that the USSR would welcome a "sensible" agreement and would do its utmost to make the talks "useful." He warned of Moscow's determination to prevent anyone from achieving "military superiority over the USSR," thereby serving notice that the Soviets intend to talk from a strong position in Vienna. Having made this point, however, the Soviets might believe themselves to be on more solid ground should they choose to be flexible when talks resume.

(continued)

Brezhnev's remarks on the economy were limited to a familiar recital of the country's ills. He identified the short-run difficulties as the severe weather and "complications in the international situation"--probably the Sino-Soviet border dispute, possibly also Czechoslovakia, Vietnam, and the Middle East--which "imposed a certain additional load on the Soviet economy."

He also acknowledged the more serious, long-run difficulties as "problems connected essentially to our growth," such as the need for more efficient use of production capacity. Brezhnev also noted the lag in the introduction of advanced technology. In actuality, although it is effectively employed in the space and defense industries, it usually fails to percolate down to the civilian economy. He gave no hint of change in the timid reforms that thus far have failed to improve the administration of research or to encourage managerial efficiency and innovation.

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Malaysia: Government Conducts Large-Scale Anti-Communist Operation



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Malaysia: A government anti-Communist security sweep in process for six weeks in Sarawak is the largest of its kind to date.

More than 2,000 men from the security forces have taken part in the operation, which has been concentrated against a Communist base camp within 20 miles of Kuching. The government claims to have killed about 40 terrorists and has arrested more than 300 suspects. The rebels are probably part of a force that had been operating in Indonesia and reinfiltrated into Malaysia in early 1969.

The government's operations have had a mixed impact on the local population. Malay-Chinese relations in Sarawak are not as potentially inflammatory as they are in West Malaysia, and the local populace has been impressed by the government's show of force. [redacted]

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[redacted] many Sarawakians are resentful over the somewhat indiscriminate attacks and arrests by the predominantly Malay force, which represents to them an authoritarian mainland government.

The weak Communist movement in Sarawak probably numbers only about 300 armed insurgents, but it may be able to capitalize on general resentment of the government's harsh measures to gain further support from the local population. [redacted]

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Nigeria: The rapid rise in oil production will soon place Nigeria second only to Libya among African oil producing countries.

Production in March exceeded 900,000 barrels per day (bpd), the highest level ever attained. Nigeria probably will reach the million bpd mark by June, six months earlier than originally estimated. At that rate of production, the government can expect to get close to \$210 million in revenues this year, over double the amount received last year.

Shell - British Petroleum, the major producer of the four oil companies operating in Nigeria, recently announced it would invest \$157 million this year for oil field development and pipeline construction. It will be the largest annual expenditure the company has made in Nigeria. Gulf Oil is optimistic about its new offshore oil discovery, which could increase the potential for further substantial growth in production.

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Morocco: Security forces are continuing to round up possible subversives and confiscate cached arms in connection with an alleged conspiracy against the regime.

The plotting was discovered early in December when eight self-imposed exiles of the radical wing of the leftist National Union of Popular Forces (UNFP) were apprehended in southern Morocco after infiltrating into the country.

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[redacted] The police dragnet in Morocco has now netted at least 40 and perhaps as many as 60 low-level UNFP militants, many of whom were involved in a 1963 plot against King Hassan. The two ringleaders of the radical wing remain in exile.

The search for arms caches apparently intensified last month after the interception and capture off Morocco's Mediterranean coast of a Spanish ship transporting arms reportedly supplied by Syria in support of the UNFP plot. Some additional arms were seized early this month in police raids in remote southern towns, although it is not clear whether these weapons were connected with recent plots or were of earlier vintage.

The pervasive and prolonged police action has inspired some rumors that the regime was endangered. The security forces, buttressed by the army, are considered loyal to the regime, however, and are competent to deal with scattered and sporadic dissidence.

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Pakistan: President Yahya Khan's decision to retain the right to veto any constitution drafted by the national constituent assembly--to be elected in October--is stimulating increased political opposition.

Popular East Pakistani politician Mujibur Rahman, under pressure from militants in his Awami League, has demanded that the President's veto prerogative be abolished.

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In West Pakistan, two parties have come out strongly against Yahya's veto power. The chairman of one of the parties has suggested that any impasse between the assembly and the President be resolved by popular referendum. The other party has called upon "democratic forces" to unite and launch a movement to guarantee that the constituent assembly will not be overruled.

Although negative reaction to Yahya's rules for the constituent assembly is substantial, it does not now appear sufficiently intense to offset the parties' fundamental interest in proceeding with their plans to contest the fall elections. Furthermore, President Yahya may be willing to compromise. He recently told newsmen that if the constituent assembly's constitution does not accord with his outlined principles, he may send it back for reconsideration instead of dissolving the assembly.

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Cuba: Havana's policy toward Latin America and the US has not changed, according to recent statements by a high-ranking government official.

At a recent luncheon at the UN, Minister without Portfolio Carlos Rafael Rodriguez said that Havana will continue to support revolutionary groups in Latin America, declaring that "it is not only our right but our duty." He added that Cuba will continue to grant refuge to those revolutionaries who seek such assistance.

Rodriguez completely rejected the possibility of his country rejoining the Organization of American States, labeling it "a colonial ministry of the United States." He considers Cuba's reintegration into the Latin American community another matter, however. In an apparent response to demands that Havana cease its policy of intervention, Rodriguez stated that Cuba would have to be accepted on its own terms and principles, which it "has not altered and will not alter."

In regard to the US, the minister stated that his government is not happy with the problem of hijacked aircraft and is considering US proposals for a bilateral agreement on this subject. Rodriguez reaffirmed, however, that Havana is not interested in establishing official relations with Washington.

Rodriguez' pronouncements are the first "public" foreign policy statements by a high-level Cuban official in a long time. They are probably meant not only as a simple declaration of foreign policy, but also as an acknowledgement of the recent statements of some Latin American leaders urging the re-establishment of trade relations with Cuba.

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Trinidad-Tobago: Prime Minister Williams may soon face more effective opposition to his domestic policies.

The resignation of Minister of External Affairs Robinson, the prime minister's strongest party rival, comes in the midst of political protests by black radical leaders.

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His resignation is an outgrowth of the long-standing political enmity between him and Williams and seems timed to take advantage of what he probably believes has been Williams' mishandling of the local situation. If Robinson moves into outright opposition, he could become the rallying point for a serious challenge to Williams' lengthy and nearly undisputed leadership.

Williams' decision not to attend the opening of the Caribbean heads of government meeting in Jamaica this week indicates he is concerned with domestic events. Reserve police and military forces have been ordered to duty in response to continuing demonstrations. Thus far, government response to the protests has vacillated between Williams' cautious public attempts to embrace the movement and a toughened police policy, neither of which has proved effective.

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Arms Control: The Soviets have given the US a revised draft of the seabeds treaty and have asked that it be presented as a joint text to the other participants in the Geneva disarmament talks.

After a lengthy review, Moscow has agreed to include in the draft a number of suggestions that have already been accepted by the US. These were made last fall at the UN General Assembly and earlier this year at Geneva. The revisions may secure the support of Canada and Argentina, two of the more influential critics of the draft presently before the Geneva conferees.

Moscow has given its disarmament delegation instructions to press for an endorsement of the treaty before the usual spring recess of the talks. Having accepted so many suggestions from the other delegations, the Soviets maintain that they have exhausted the possibilities for further substantive changes in the text.

The nonaligned nations represented at the Geneva talks are not likely to accept the revised version until they have had a chance to review it in their capitals, which may well require at least a month.

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European Communities: The EC Commission has for the first time begun antitrust proceedings concerning the European operations of a US-based firm.

The Commission believes that the Continental Can Corporation may have violated Article 86 of the Treaty of Rome, which prohibits a firm from taking "improper advantage of a dominant position" within the EC. [redacted]

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If, after study, the Commission finds that Article 86 has been violated in this case, it can oblige Continental Can to end the infringement. Should the firm not comply, the Commission could impose fines or other penalties.

The Commission's move comes as increasing attention is being given to the growing strength of US corporations in Europe. The EC is now considering a community industrial policy which, if adopted by the Council, would encourage the creation of European transnational companies to meet the American industrial challenge. [redacted]

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[Hungary: The Hungarians have unaccountably canceled their Lenin centennial celebrations planned for 18, 21, and 22 April. A Foreign Ministry spokesman called the US ambassador yesterday to inform him that because of "an administrative problem" there would be no celebrations. There is no evidence of a serious problem in Budapest, but it is likely that only one of an unusual nature could precipitate such a move. There is as yet nothing to indicate that other East European capitals have taken similar steps.

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Finland: Social Democratic Party leader Rafael Paasio is taking soundings among the various parties looking toward forming a new government. Paasio received a mandate from President Kekkonen on Monday, after an initial effort by the chairman of the conservative National Coalition Party last week quickly foundered. Paasio also faces difficulty in putting together a cabinet, and negotiations may continue for some time. Many observers, however, expect that despite the losses suffered by the government parties in last month's parliamentary elections, a new center-left coalition similar to the outgoing one will eventually be formed.

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Turkey: New clashes between student extremists in Ankara have resulted in the accidental killing of an army lieutenant who happened to be in the vicinity. The student situation had seemed to be cooling off following the recent National Security Council announcement that "anarchist" activities would no longer be tolerated and the National Police campaign to arrest leftist agitators. If it is confirmed that the fatal shot was fired by a known rightist leader, the crackdown would then be extended to all student extremists.

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Dahomey: The ruling military triumvirate reportedly has given the four ex-presidents until tomorrow to agree on a solution to the crisis that has plagued Dahomey since the army took power last December. If the civilians' personal animosities keep them from agreeing, however, army leaders apparently believe they will be able to overcome the worsening splits within their own ranks and form a government themselves. Meanwhile, talk of secession is continuing in the northern provinces. Southerners residing in the north are increasingly apprehensive about their safety, and large numbers of them reportedly are fleeing the area.

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Latin America: Argentina has decided to raise the issue of kidnaping and terrorism at today's meeting of the Permanent Council of the Organization of American States (OAS). A favorable response by several other nations to the initial Argentine overtures apparently prompted this decision. The Argentine ambassador to the OAS reportedly realizes that the initiative probably will be referred to the political-juridical committee for extensive study, particularly by those countries opposed to the revision of the basic concept of political asylum. The murder of the West German ambassador to Guatemala, however, has received worldwide publicity, and the Council may adopt a resolution designating murder, torture, or serious injury of diplomatic personnel an international crime.

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Brazil: The acquisition of a squadron of Mirage jet fighters may have been temporarily delayed because of discussions within the Finance Ministry about the terms of the deal. Air force officers reportedly are pressing the government to complete the negotiations, and the announcement of the signing of a contract could come on 22 April, the anniversary of the founding of Brazil's first fighter group.

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Ecuador: Allegations of police brutality were used by extremist student leaders to set off new violence against the government yesterday, and more trouble is expected. The unexplained beatings of two leftist university militants and the death of one provided student leaders with an issue to gain support for another violent clash. Key military leaders view such continual crises as a growing threat from the left and reportedly are again urging President Velasco to assume extraordinary powers.

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Costa Rica - Panama: Torrential rains and flooding have severely damaged banana plantations in Costa Rica and Panama. Preliminary estimates place the loss of crops, homes, and transportation facilities at \$4 million in Costa Rica. Particularly hard hit was the area near the Panamanian border, where the newest and most productive Costa Rican banana plantings are located. The extent of damage in Panama is not yet fully known. Damage to banana crops, the chief export of both countries, may cause export earnings to decline this year.

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